

Message Text

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ACTION XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 AGRE-00 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
OPIC-03 SP-02 OMB-01 L-03 /053 W
-----121511Z 037507 /47

R 121306Z APR 77
FM AMEMBASSY MAPUTO
TO SECSTATE WASHDC 5675

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DEPT PLEASE PASS EXIMBANK/CHARLES LEIK

E.O. 11652: N/A
TAGS: EFIN, XMB, MZ, US
SUBJECT: SENA SUGAR/RESCHEDULING

REF: STATE 077445

1. EMBASSY CONTACTED MICHAEL TINNE, MANAGING DIRECTOR OF SENA, WHO SAID SENA HAS THE NECESSARY FUNDS FOR PAYMENT IN THE BANK, AND THAT AS FAR AS HE KNEW, ALL PAPERWORK HAD BEEN SENT ABOUT TWO WEEKS AGO TO GPRM MINISTER OF FINANCE FOR AUTHORIZATION OF PAYMENT.

2. EMBASSY THEN CONTACTED GPRM OFFICIAL, WHO ASSURED EMBOFF THAT ONLY THING LACKING BEFORE PAYMENT COULD BE MADE IS MINISTER'S SIGNATURE. EMBOFF ALSO SPOKE TO OFFICIAL IN MINISTER'S OFFICE, WHO PROMISED BRING MATTER TO ATTENTION OF MINISTER.

3. SENA HAS BEEN FULLY COOPERATIVE WITH EMBASSY IN ATTEMPTS TO SECURE PAYMENT. SENA OFFICIALS ADMITTED THAT SOME OF THE DELAY HAD BEEN THEIR OWN FAULT, AND HAD BEEN CAUSED BY SEVERE LOSS OF STAFF. SINCE MATTER WAS RAISED IN LONDON BY EXIM OFFICIALS AND IN MOZAMBIQUE BY EMBASSY, SENA HAS BEEN EXPENDING CONSIDERABLE
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EFFORT TO RESOLVE PROBLEM, AND TO REGULARIZE FUTURE PAYMENTS. SENA REPRESENTATIVES HAVE CONSULTED REGULARLY WITH EMBOFF TO REVIEW PROGRESS, AND WHEN SENA PRESIDENT PAID VISIT TO MOZAMBIQUE HE REVIEWED SITUATION WITH EMBOFF AND AMBASSADOR.

4. THE GENERAL FINANCIAL POSITION OF SENA LEAVES SOMETHING TO BE DESIRED. SENA IS LOSING MONEY ON DOMESTIC SALES BECAUSE OF

A LOW FIXED PRICE FOR SUGAR SOLD DOMESTICALLY, (SEE MAPUTO 333).
BANK OF MOZAMBIQUE HAS PROMISED VERBALLY TO MAKE GOOD ANY
LOSSES SUFFERED BY SENA AND OTHER PRODUCERS ON THEIR DOMESTIC
SALES, ALTHOUGH GPRM HAS REFUSED TO RAISE DOMESTIC SUGAR PRICES.
THE 1977 OUTLOOK FOR SENA IS MORE OPTIMISTIC THAN LAST YEAR.
PRODUCTION SHOULD BE UP, AND PROBLEMS IN ONE OF THE MILLS
SHOULD BE SOLVED. HIGHER PRODUCTION SHOULD MEAN MORE EXPORTS,
WHICH WILL EASE THE LOAN REPAYMENT PROBLEMS.

5. IN RESPONSE TO PARA 3 REFTTEL, NO NAMES OF LAWYERS CAN BE
FURNISHED. GPRM BANNED THE PRIVATE PRACTISE OF LAW IN JULY,
1975. SOME COURT APPOINTED LEGAL ASSISTANTS ARE AVAILABLE UPON
PETITION TO A GPRM JUDGE, BUT THESE NEED NOT BE GRADUATES IN
LAW, NOR EXPERIENCED LAWYERS.

6. WHILE EMBASSY BELIEVES THAT PAYMENT WILL BE MADE SHORTLY,
AND THAT NO VISIT BY EIB STAFF WILL BE NECESSARY TO SECURE
PAYMENT, EIB MAY WISH TO CONSIDER A VISIT TO MOZAMBIQUE IN
FUTURE, PERHAPS AS PART OF A MORE GENERAL TOUR OF AFRICAN
COUNTRIES. EMBASSY BELIEVES SUCH A VISIT WOULD BE VERY
USEFUL TO GPRM, AS THEY WOULD HAVE A CHANCE TO REVIEW EXIM
PROCEDURES AND REQUIREMENTS AT FIRST HAND. EMBASSY BELIEVES
EXIM WOULD ALSO FIND IT USEFUL TO VIEW OPERATIONS AND
PROBLEMS OF MOZAMBIQUE FINANCIAL INSTITUTIONS.
DECLASSIFY UPON RECEIPT.
DE PREE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, AGRICULTURAL PRODUCTION, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MAPUTO00378
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770126-0846
Format: TEL
From: MAPUTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770466/aaaacftk.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f945bda6-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 77445
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2833690
Secure: OPEN
Status: NATIVE
Subject: SENA SUGAR/RESCHEDULING
TAGS: EFIN, MZ, US, XMB, SENA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/f945bda6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009